29-77-1/991

Department of Veterans Affairs

Dividend Options

Fact Pamphlet for Government Life Insurance

VA Pamphlet 29-77-1
Revised March 1991

Veterans Benefits Administration
Washington DC 20420

VA 1.19:

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DIVIDEND OPTIONS FOR GOVERNMENT LIFE INSURANCE

INTRODUCTION

If your Government life insurance is prefixed with V, RS, W, J, JR, JS or K, you have a policy which pays dividends. This pamphlet is designed to help you understand what dividend options are available to you. We cannot tell you what option is best for you. Only you can make that decision.

DIVIDEND OPTIONS AVAILABLE AND HOW THEY ARE USED

You may select how you want your dividend used. Dividends can be used to buy additional insurance, or left in your account as a credit or deposit earning interest, or applied to repay a loan, or to pay premiums in advance, or paid to you in cash.

PAID-UP ADDITIONAL INSURANCE

This option is available on all policies except those prefixed with a K. This dividend option gives you the opportunity to increase the amount of insurance you now have. Your dividends will be used to buy paid-up insurance. The insurance purchased with your dividend is in addition to your basic coverage.

The paid–up addition purchased with your dividend:

- Provides additional protection for your beneficiaries;
- Has cash and loan values;
- Earns dividends;
- Does not require payment of premiums.

The amount of paid-up additional insurance a dividend will buy depends on the amount of dividend, your age and your policy prefixes (V, RS, W, etc.). The chart below shows the amount of paid-up additions purchased with $100 of dividends.

	V,RS,W,J	JR,JS
AGE 55	$275	$234
AGE 65	$198	$178

If you select this dividend option, it is easy to accumulate a substantial amount of paid-up additional insurance coverage over a period of years because you earn dividends on both your basic coverage and the paid-up additions.

DIVIDEND CREDIT

This option allows you to keep your dividend in a credit account which earns interest. The interest rate is determined by the Secretary. Since 1986 the interest rate has averaged $9^1/_4$ per cent. You may withdraw money from the credit account at any time by either calling our toll-free number 1-800-669-8477 or requesting the withdrawal in writing.

Another feature of this option is that if you forget to send us your premium payment we will automatically withdraw from your credit account enough money to pay one month's premium. You will be notified when premiums are withdrawn from your account for this purpose.

DIVIDEND DEPOSIT

This dividend deposit option is similar ro the dividend credit.

It is not available to term insurance policyholders. Also if you fail to pay premiums we will not automatically withdraw a monthly premium from your deposit account.

Any withdrawals from your dividend deposit account must be authorized by you by either calling our toll-free number 1-800-669-8477 or requesting the withdrawal in writing.

APPLY TO REPAY A LOAN

If you have a loan or lien against your policy, you may select this option to reduce the amount owed.

PAY PREMIUMS IN ADVANCE

Your full annual dividend under this option is used to pay premiums in advance as far as the amount will allow. This option is not available if premiums are being paid by allotment from retired pay, by deduction from VA compensation or pension or by checking account deduction (VA MATIC).

PAY TO ME IN CASH

A U.S. Treasury check is sent to your mailing address in our records on your policy anniversary date.

CAN MORE THAN ONE DIVIDEND OPTION BE SELECTED?

Only one option per policy can be in effect at any one time. If you have more than one policy in force, different options can be selected for each policy.

HOW AND WHEN CAN THE DIVIDEND OPTION BE CHANGED?

You may change your option at any time by calling our toll-free number 1-800-669-8477. A change may also be made by sending a signed request. The request should be sent to the office below that maintains your insurance records.

DEPARTMENT OF VETERANS AFFAIRS
REGIONAL OFFICE AND INSURANCE CENTER
P.O. BOX 8079
PHILADELPHIA, PA 19101

DEPARTMENT OF VETERANS AFFAIRS
REGIONAL OFFICE AND INSURANCE CENTER
BISHOP HENRY WHIPPLE FEDERAL BUILDING
FORT SNELLING
ST. PAUL, MN 55111

IF YOU HAVE ANY QUESTIONS CONCERNING YOUR DIVIDEND OPTION OF ANY OTHER GOVERNMENT LIFE INSURANCE MATTER, PLEASE CALL US TOLL-FREE AT 1-800-669-8477

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